



County of Los Angeles
Department of Public Social Services

Bryce Yokomizo
Director

September 29, 2003

TO: Each Supervisor

FROM: Bryce Yokomizo, Director

SUBJECT: **IMPLEMENTATION OF NEW REGIONAL MARKET RATE CEILINGS
FOR CalWORKs STAGE 1 CHILD CARE**

This is to inform you of recent State actions that will impact subsidized child care rates, including CalWORKs Stage 1 administered by the County through contracts with the local 13 Alternative Payment Program (APP) agencies. The 2003 State Budget required revisions to the Child Care Regional Market Rate (RMR) ceilings and the payment rules. The State recently released the new RMR and regulations, which will change reimbursement for child care for many of our present and former CalWORKs participants, under Stages 1, 2 and 3 as well as other State low-income child care programs.

The RMR was developed by the California Child Care Resource and Referral Network and is based on a statewide survey of over 14,000 child care providers. The new requirements provide for reduction in payment of child care costs for licensed providers to the 85th percentile (currently paid at the 93rd percentile) of the market rates charged by providers who offer the same type of care for the same aged child in that region to private-pay clients.

Basically, what this means is that those licensed child care providers whose current charges are at the RMR ceilings will see a reduction in their maximum payment reimbursements. CalWORKs participants who continue with or choose child care providers with rates higher than the RMR ceilings will have a co-payment.

The ceilings for license-exempt providers continue to be 90 percent of the family child care rates. However, license-exempt providers will experience a reduction in reimbursement for some of the rate categories, such as evening and weekend care.

Other regulatory changes will ensure payment consistency statewide and clarify the appropriate rate of reimbursement for child care services.

In June 2003, under Stage 1 we were serving approximately 21,000 children. Of this number, about 75% of the children received care from license-exempt providers and 25% were in licensed care.

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The California Department of Education (CDE) administers Stages 2, 3 and other low-income child care programs through contracts with the local APPs. CDE is requiring the agencies to implement the new RMR and payment changes for their programs effective October 1, 2003, with a written notice to participants and providers. However, the California Department of Social Services (CDSS) is allowing counties to implement the changes for Stage 1 no later than December 1, 2003 as a ten-day Notice of Action must be sent to participants. The providers will also be sent a written notice.

We are working closely with the APPs and have targeted November 1, 2003 to implement the changes for Stage 1.

BY:sl

c: Chief Administrative Officer
County Counsel
Executive Officer, Board of Supervisors